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SOURCE Narodno Delo, No 1695, 1950.STALIN METAL PLANT TO REDUCE PRODUCTION COSTS

Cost reduction is, at present, one of the major problems of Bulgarian industry. The Stalin Metal Plant has just recently received a cost-reduction plan from the Metalworking Association, which determines the percentage of cost reduction for every article manufactured. Since then, monthly production cost plans have been set up, based on the essential material used for the given product, auxiliary materials and fuel, and wages. However, the expenditures for every single item have not been checked.

The final draft of the plan, approved by the administration, Party, and union leaders, and the general workers' assembly, contains the following provisions: increase labor productivity, reduce waste, improve quality, save material, maintain technical standards, introduce improvements and efficiency methods, etc. Appropriate measures will be established to introduce each of these points. The plan fails, however, to designate the agents responsible for its execution and to set quotas for its fulfillment.

Despite these shortcomings, the daily accounting operations provided by the casting department contributed to cost reduction. Weekly conferences of the technical supervisors, which aimed to reduce waste, were a further step in this direction and resulted in fulfilling 187.03 percent of the plan established by the Metalworking Association and 92 percent of the alternate plan, set up by the plant. Cost has been reduced by 6.46 percent, whereas the association's plan provided only for a reduction of 3.83 percent and the alternate plan for 4.68 percent. An efficient control campaign in the casting department reduced the cost of essential and auxiliary material and fuel by 800,000 leva, and the increase of labor productivity brought a further cost reduction of 1.05 percent.

The workers of the casting, core-hardening, and machine-building departments have voluntarily increased their quotas by reducing the time required for their assignments. Since October, some departments have introduced daily control of expenditures for each part they manufactured, but, so far, they have failed to establish expenditure quotas for all production.

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It is felt that administrative and technical offices must definitely eliminate all deficiencies which are still impeding the execution of cost-reduction plans.

After the establishment of all necessary measures, the next step must be the appointment of personnel responsible for their execution and the establishment of time limits for their fulfillment. The system must also provide control of technical norms. General accounting personnel must work along with the productive expansion of the plant and carefully check administration expenditures which cannot be controlled by cost accountants, and include them in the monthly calculation reports.

Daily bulletins must be published, including reports on work, production of semifinished articles, waste, and quality. The reports will also indicate the application of new measures and form the basis for the yearly plan of cost reduction.

This organizational system, with all its positive and negative features, may serve as a pattern for other enterprises in the city in building up their cost-reduction plans.

Party, trade-union, and Dimitrov Youth Association organizations will launch a campaign to convince the workers of the importance of cost reduction.

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